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DEPARTMENT FOR WHA KIRSTEN MADISON; WHA/CEN; SOUTHCOM ALSO
FOR POLAD; NSC FOR DAN FISK

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SUBJECT: PANAMA'S BOLIVARIAN ALTERNATIVE POLITICAL FORCE
(FPA) AIMS TO FORM POLITICAL PARTY; STRUGGLING FOR
LEGITIMACY

Classified By: Chief of Political Section Brian Naranjo for reason 1.4(d)

Summary

¶1. (C) Alternative Political Force (Fuerza Politica Alternativa -- FPA) leader Olmedo Beluche said his goal was to establish the Bolivarian FPA as a political party, in an August 21 meeting with POLCHIEF and POL TDYer. Beluche underscored that his more immediate concern was reforming Panama's "undemocratic" electoral law to make it easier to register the FPA as a political party. Beluche explained that the FPA's "no" vote advocacy stemmed naturally from its Bolivarian philosophy, opposition to "neo-liberal policies," and belief that Panama could not afford this expansion plan. End summary.

Oppose Canal Expansion, But More Important to Establish
Bolivarian Political Party

¶2. (C) Originally, this August 21 meeting was intended to focus on FPA's "no" campaign on the October 22 canal expansion referendum. Beluche explained that FPA's opposition to the Canal Referendum was a natural outcome of its Bolivarian philosophy: the project simply cost too much, would increase Panama's external debt too much, and the money would ultimately benefit Panama's wealthy at the expense of those most in need. Having quickly disposed of the reasons for which FPA opposed canal expansion, Beluche moved on to FPA's greater concern: establishing itself as a registered political party.

Electoral Law Sets Registration Bar High

¶3. (C) Beluche underscored that his primary goal was to establish his FPA as a registered political party in order to compete in Panama's 2009 elections. Unabashedly Bolivarian and very pro-Chavez, the FPA formed in March 2006 as an alternative political movement composed of over 15 small

populist organizations (e.g., the Bolivarian Circles of Panama and the Communist Party). While FPA had its roots in and continued to coordinate with radical union FRENADESO Beluche explained that FPA wanted the next logical step in its political evolution: formation of a party. He complained that Panama's "undemocratic" electoral law presented an unfair hurdle. When the National Assembly reconvened in September, Beluche said FPA would focus on reforming the electoral law to lower the bar for political party registration. (Note: Currently, Panamanian law requires that a new political party secure the signatures of 4 percent of voters (est. 66,000 signatures) and stipulates that these signatures be collected in the offices of the Electoral Tribunal (TE), not on petitions circulated by FPA.) Beluche asserted that these requirements were much more stringent than in Costa Rica, Mexico, Brazil or even Panama during its military dictatorships. Furthermore, Beluche said many existing Panamanian parties would be unable to get over this hurdle if they had to register today.

On Target with Diagnosis; Prescription Off the Mark

14. (C) FPA's diagnosis of Panama's problems tracks with the diagnoses not only of other opposition parties, but also with those of Torrijos Administration supporters and indeed most political observers. Beluche and his three colleagues recited a litany of Panama's problems, for example:

- Governmental institutions were weak and crippled by corruption;
- The rising tide of economic growth over the past fifteen years had not lifted all boats, and extreme poverty and vast

- income distributions remained significant problems;
- The education system was in a state of complete disarray; and
- Crime and insecurity were growing.

Where FPA differed, Beluche explained, was its prescription about how to address Panama's problems. While insisting that they were not stuck on past failed political theories and policies, Beluche and his colleagues recommended, among other things: nationalizing key industries (e.g., electric sector, telephone services, heavy industry); implementing price controls; controlling capital flows and preventing capital flight, as their proposed method to bring equitable development to Panama. Open admirers of Venezuelan President Hugo Chavez and Bolivian President Evo Morales, FPA proposed advancing "true reform" through greater "participatory democracy" and redrafting Panama's constitution by convening a "constituent assembly."

Comment

15. (C) Though Beluche nervously joked that he needed "witnesses" to his conversation with U.S. Embassy officials, Beluche and his FPA colleagues were very eager to share their opinions with POLOFFS. While it is hard to argue with their diagnosis of Panama's problems, FPA's prescription would have a disastrous impact on Panama, a quintessential cross-road country that is thoroughly enmeshed through trade, banking, and transport with the global economy. The prospects that FPA will be able to register as a political party are dim. Panama's powers-that-be -- in both the Torrijos Administration and the opposition -- do not view FPA positively and are unlikely to lower the bar for party registration to clear the path for FPA. Furthermore, this clique of university professors has no apparent following - or even demonstrated ability to mobilize people - and would face great difficulty amassing the necessary signatures. Nonetheless, FPA ideas are provocative, and we will continue to track this political movement.

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